

CABLE BAHAMAS LTD.

**Consolidated Financial Statements
For The Year Ended June 30, 2023
And Independent Auditors' Report**

CABLE BAHAMAS LTD.
TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT	1 – 6
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023:	
Consolidated Statement of Financial Position	7 – 8
Consolidated Statement of Profit or Loss and Other Comprehensive Income	9
Consolidated Statement of Changes in Equity	10
Consolidated Statement of Cash Flows	11 – 12
Notes to the Consolidated Financial Statements	13 – 59



Independent auditors' report

To the Shareholders of Cable Bahamas Ltd.

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Cable Bahamas Ltd. (the Company) and its subsidiaries (together 'the Group') as at June 30, 2023, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at June 30, 2023;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report.

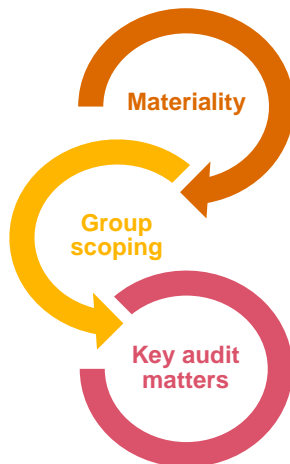
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Our audit approach

Overview



- Overall group materiality: \$1.87 million, which represents approximately 2.5% of earnings before interest, tax, depreciation and amortization (EBITDA).
- In addition to the Group's primary operating company, Cable Bahamas Ltd., we performed a full scope audit of Be Aliv Limited, its financially significant subsidiary.
- Recognition and Measurement of Revenue

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Be Aliv Limited, a subsidiary of Cable Bahamas Ltd., the Group's primary operating company, was classified as an individually financially significant component based on its overall contribution to the Group and both entities were subject to a full scope audit.

All audit procedures were performed by PricewaterhouseCoopers, Bahamas.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.



Overall Group materiality	\$1.87 million
How we determined it	Approximately 2.5% of EBITDA.
Rationale for the materiality benchmark applied	We chose EBITDA as the benchmark because, in our view, it is the most relevant benchmark against which the performance of the Group is measured by users, and is a generally accepted benchmark. We chose approximately 2.5% which is within a range of acceptable benchmark thresholds.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above \$93,500, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<i>Recognition and Measurement of Revenue</i> <i>Refer to notes 3(q), 4(e), and 18 to the consolidated financial statements for disclosures of related accounting policies and balances.</i>	
The Group's revenue of \$231.1 million consists of cable TV, fixed and wireless broadband, fixed-line telephone, mobile and data telephony services, and other ancillary services.	
The recognition and measurement of revenue from short-term contracts is not subject to significant judgment. However, the revenue streams comprise a large number of low value transactions, multiple products and services with varying pricing structures, and complex billing systems (and related Information Technology (IT) controls). In addition, the recognition and measurement of revenue from long-term bundled contracts involves a number of key judgments and estimates, including the appropriate identification of stand-alone selling prices used to allocate their transaction price.	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none">• obtaining an understanding of and evaluating the design and implementation of controls over the revenue process.• evaluating the overall IT control environment and the IT controls in place, with the assistance of our information technology specialists. This included evaluating the design and testing the operating effectiveness of management's controls addressing: access to programs and data; program changes; computer operations; customer account set-up; network usage data; restricted access to pricing data; and reliability of system generated reports.• testing the end-to-end reconciliation from the billing systems to the general ledger and journal entries processed between them.• evaluating the assumptions used by management to determine the allocation of the transaction price to telecom services and handsets within long-term

As such, recognition and measurement of revenue was an area that required significant audit attention.

bundled contracts and testing the stand-alone selling prices.

- obtaining a sample of customer contracts and comparing the contract terms and the approved rates to the revenue systems.
- assessing the adequacy of the Group's disclosures in respect of its accounting policies on revenue recognition.

No material misstatements were identified in the reported amounts of revenue.

Other information

Management is responsible for the other information. The other information comprises the Cable Bahamas Ltd. 2023 Annual Report (but does not include the consolidated financial statements and our auditors' report thereon).

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Prince A. Rahming.


Chartered Accountants
Nassau, Bahamas

November 20, 2023

CABLE BAHAMAS LTD.**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023***(Expressed in Bahamian dollars)*

ASSETS	2023	2022
	\$	\$
CURRENT ASSETS:		
Cash and cash equivalents	53,568,039	73,688,646
Term deposits	11,689,957	1,622,254
Short-term investments (Note 5)	41,705,041	30,501,198
Trade and other receivables (Notes 6)	17,439,434	59,974,225
Prepaid expenses and deposits (Note 7)	11,037,130	6,425,687
Inventory	3,398,174	4,031,426
Contract assets (Note 8)	303,579	422,439
Total current assets	139,141,354	176,665,875
NON-CURRENT ASSETS:		
Property, plant and equipment (Note 9)	302,240,247	307,222,634
Intangible assets (Note 10)	52,203,981	56,554,403
Contract assets (Note 8)	668,825	1,312,900
Total non-current assets	355,113,053	365,089,937
TOTAL ASSETS	494,254,407	541,755,812
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities (Notes 11)	44,929,640	46,025,380
Deferred income	4,694,819	4,277,180
Lease liabilities (Note 12)	3,392,819	3,089,222
Notes payable (Note 13)	4,162,000	4,162,000
Preferred shares (Note 14)	14,935,890	9,463,960
Total current liabilities	72,115,168	67,017,742

The accompanying notes are an integral part of these consolidated financial statements.

CABLE BAHAMAS LTD.**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT JUNE 30, 2023****(CONTINUED)***(Expressed in Bahamian dollars)*

LIABILITIES AND EQUITY (CONTINUED)	2023	2022
	\$	\$
NON-CURRENT LIABILITIES:		
Subscriber deposits	8,270,694	8,592,668
Asset retirement obligation	1,013,714	831,589
Lease liabilities (Note 12)	53,734,598	53,277,177
Notes payable (Note 13)	50,823,680	54,623,211
Loans (Note 13)	13,168,389	12,517,989
Preferred shares (Note 14)	270,189,567	308,439,650
Total non-current liabilities	397,200,642	438,282,284
Total liabilities	469,315,810	505,300,026
EQUITY:		
Equity attributable to owners of the parent:		
Ordinary share capital (Note 15)	30,367,307	30,367,307
Retained earnings	92,970,563	92,853,610
	123,337,870	123,220,917
Non-controlling interest (Note 24)	(98,399,273)	(86,765,131)
Total equity	24,938,597	36,455,786
TOTAL LIABILITIES AND EQUITY	494,254,407	541,755,812

These consolidated financial statements were approved by the Board of Directors and authorized for issue on November 20, 2023, and are signed on its behalf by:



Director



Director

The accompanying notes are an integral part of these consolidated financial statements.

CABLE BAHAMAS LTD.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2023

(Expressed in Bahamian dollars)

	2023 \$	2022 \$
REVENUE (Note 18)	231,090,604	217,981,225
Operating expenses (Note 19)	(143,688,955)	(142,567,172)
Impairment of financial and contract assets (Notes 6, 8)	(1,387,161)	(348,493)
Depreciation and amortization (Notes 9, 10)	(62,748,413)	(61,661,203)
Unrealized gain/(loss) on short-term investments (Note 5)	948,990	(144,595)
Other (loss) income	(644,393)	27,617
Net gain on disposal of property, plant and equipment	350,803	-
Net loss on disposal of intangible assets	(397,367)	-
OPERATING INCOME	23,524,108	13,287,379
Gain on modification of financial liabilities (Note 14)	-	3,526,371
Interest expense (Notes 12, 13)	(11,215,280)	(10,739,561)
Interest income	486,848	201,003
Dividends on preferred shares (Notes 14)	(19,837,911)	(17,531,866)
NET AND COMPREHENSIVE INCOME (LOSS)	(7,042,235)	(11,256,674)
<i>Net and comprehensive income (loss) for the year attributable to:</i>		
Owners of the parent	4,591,907	5,104,919
Non-controlling interest	(11,634,142)	(16,361,593)
	(7,042,235)	(11,256,674)
<i>Earnings per share on profit or loss attributable to owners of the parent (Note 15):</i>		
Basic earnings per share	0.11	0.12
Diluted earnings per share	0.10	0.11

The accompanying notes are an integral part of these consolidated financial statements.

CABLE BAHAMAS LTD.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2023

(Expressed in Bahamian dollars)

	Attributable to owners of the parent			Non-Controlling Interest	Total Equity
	Ordinary Share Capital	Retained Earnings	Total		
	\$	\$	\$	\$	\$
Balance at June 30, 2021	30,367,307	86,864,594	117,231,901	(70,403,538)	46,828,363
Total net and comprehensive income (loss)	-	5,104,919	5,104,919	(16,361,593)	(11,256,674)
<i>Transactions with owners:</i>					
Net movement in treasury shares (Note 16)	-	119,315	119,315	-	119,315
Vested share-based options (Note 20)	-	764,782	764,782	-	764,782
Total transactions with owners	-	884,097	884,097	-	884,097
Balance at June 30, 2022	30,367,307	92,853,610	123,220,917	(86,765,131)	36,455,786
Total net and comprehensive income (loss)	-	4,591,907	4,591,907	(11,634,142)	(7,042,235)
<i>Transactions with owners:</i>					
Net movement in treasury shares (Note 16)	-	87,472	87,472	-	87,472
Vested share-based options (Note 20)	-	647,686	647,686	-	647,686
Dividends paid on ordinary shares (Note 15)	-	(5,210,112)	(5,210,112)	-	(5,210,112)
Total transactions with owners	-	(4,474,954)	(4,474,954)	-	(4,474,954)
Balance at June 30, 2023	30,367,307	92,970,563	123,337,870	(98,399,273)	24,938,597

The accompanying notes are an integral part of these consolidated financial statements.

CABLE BAHAMAS LTD.**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023***(Expressed in Bahamian dollars)*

	2023	2022
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss for the year	(7,042,235)	(11,256,674)
Adjustments for:		
Depreciation and amortization	62,748,413	61,661,203
Interest expense	11,215,280	10,739,561
Interest income	(486,848)	(201,003)
Dividends on preferred shares	19,837,911	17,531,866
Cost associated with share-based options	647,686	764,782
Gain on modification of financial liabilities	-	(3,526,371)
Write-off of inventory	837,760	784,131
Net gain on disposal of property, plant and equipment	(350,803)	-
Net loss on disposal of intangible assets	397,367	-
Impairment of financial and contract assets	1,387,161	348,493
Unrealized (gain)/loss on short-term investments	(948,990)	144,595
Operating cash flows before working capital changes	88,242,702	76,990,583
(Increase) decrease in trade and other receivables	(6,404,915)	3,629,808
(Increase) decrease in prepaid expenses and deposits	(4,611,443)	50,869
Increase in inventory	(204,508)	(158,319)
Decrease (increase) in contract assets	762,935	(137,656)
Decrease in accounts payable and accrued liabilities	(1,377,715)	(13,130,762)
Increase (decrease) in deferred income	417,639	(1,852,715)
Decrease in subscriber deposits	(321,974)	(258,462)
Net cash from operating activities	76,502,721	65,133,346
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	294,031	-
Proceeds from maturity of term deposits	-	5,077,846
Placement of term deposits	(10,000,000)	-
Purchase of short-term investments	(40,894,460)	(30,639,606)
Proceeds from maturities/sales of short-term investments	30,764,721	44,984,413
Purchases of property, plant and equipment	(47,759,299)	(35,649,015)
Payments for intangible assets	(4,233,846)	(2,340,420)
Net cash used in investing activities	(71,828,853)	(18,566,782)

The accompanying notes are an integral part of these consolidated financial statements.

CABLE BAHAMAS LTD.**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)***(Expressed in Bahamian dollars)*

	2023	2022
	\$	\$
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of loans	(4,162,000)	(2,520,000)
Repayment of lease liabilities	(1,342,692)	(1,361,567)
Interest paid	(9,103,624)	(9,679,527)
Purchase of treasury shares	(205,058)	(24,096)
Sale of treasury shares	292,530	143,411
Dividends paid on ordinary shares	(5,210,112)	-
Redemption of preferred shares	(31,027,000)	-
Proceeds from preferred shares, net of placement agent fees	47,552,545	-
Dividends paid on preferred shares	(21,589,064)	(17,270,000)
Net cash used in financing activities	(24,794,475)	(30,711,779)
Net (decrease) increase in cash and cash equivalents	(20,120,607)	15,854,785
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	73,688,646	57,833,861
CASH AND CASH EQUIVALENTS, END OF YEAR	53,568,039	73,688,646
Cash and cash equivalents comprise:		
Cash on hand and at banks	53,568,039	73,688,646

The accompanying notes are an integral part of these consolidated financial statements.

CABLE BAHAMAS LTD.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2023

(Expressed in Bahamian dollars)

1. General Information

Cable Bahamas Ltd. (the “Company” or the “Parent”) is incorporated under the laws of The Commonwealth of The Bahamas (“The Bahamas”). The Company and its subsidiaries (together, the “Group”) provide cable television and related services, national and international data services, broadband access services, telephony services, wireless communication, web hosting and business continuity services.

As at June 30, 2023, the Group’s wholly-owned subsidiaries that are incorporated and domiciled in the The Bahamas include Cable Freeport Ltd. (“Cable Freeport”), Caribbean Crossings Ltd. (“Caribbean”), Maxil Communications Ltd. (“Maxil”), Systems Resource Group Limited (“SRG”), Smart Term (Bahamas) Limited, Wallflower Services Ltd., REV Media Ltd. and Cable Bahamas Cares Foundation. Trinity Communications Bahamas Ltd. (“Trinity”), a company incorporated in the United States of America, is a wholly-owned subsidiary of Caribbean.

The Group has a 48.25% shareholding in Be Aliv Limited (“Aliv”) and holds management and board control. HoldingCo2015 Limited (“HoldingCo”) owns the remaining 51.75% of the ordinary shares and is a special purpose holding group set up by and currently wholly-owned by the Government of The Bahamas (“the Government”). Aliv is incorporated under the laws of The Commonwealth of The Bahamas.

The ordinary shares of the Company are listed and traded on the Bahamas International Securities Exchange (BISX). The Company’s registered office is located at GTC Corporate Services, Sassoon House, Shirley Street in the Commonwealth of the Bahamas.

2. Basis of Preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), and under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss. The principal accounting policies adopted in the preparation of these consolidated financial statements are set out in Note 3.

The preparation of consolidated financial statements in conformity with IFRS requires management to make critical accounting estimates and exercise judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed separately in Note 4.

New standards, amendments and interpretations adopted by the Group

Standards and amendments and interpretations to published standards that became effective for the Group’s financial year beginning on July 1, 2022 were not relevant or not significant to the Group’s operations, and accordingly did not impact the Group’s accounting policies or consolidated financial statements.

CABLE BAHAMAS LTD.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2023

(Continued)

(Expressed in Bahamian dollars)

2. Basis of Preparation (Continued)

Standards, amendments and interpretations issued but not yet effective and not early adopted by the Group

Except as disclosed below, the application of new standards, amendments and interpretations to existing standards that have been issued but are not yet effective are not expected to have a material impact on the Group's accounting policies or consolidated financial statements in the financial period of initial application.

Amendments to IAS 8: Definition of Accounting Estimates

The amendment to *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors* (IAS 8) clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period. The amendment is effective for periods beginning on or after January 1, 2023. The amendment is not expected to have a significant impact on the Group's consolidated financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued a narrow-scope amendment to *IAS 1 Presentation of Financial Statements* (IAS 1) which clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g., the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors* (IAS 8). The amendment is effective for periods beginning on or after January 1, 2024. The amendment is not expected to have a significant impact on the Group's consolidated financial statements.

3. Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

CABLE BAHAMAS LTD.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2023

(Continued)

(Expressed in Bahamian dollars)

3. Significant Accounting Policies (Continued)

a. Basis of consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the

Group controls the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including;

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders, or other parties;
- rights arising from other contractual arrangements;
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expense of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

The financial information of Aliv is consolidated in these financial statements as the Group owns 48.25% of its ordinary shares and maintains management and board control (Note 24).

CABLE BAHAMAS LTD.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2023

(Continued)

(Expressed in Bahamian dollars)

3. Significant Accounting Policies (Continued)

a. *Basis of consolidation (continued)*

When the Group loses control of a subsidiary, it derecognizes the assets and liabilities of the subsidiary and any non-controlling interest and other components of equity. The net income or loss of the subsidiary disposed during the year will be included in the consolidated statement of profit or loss and other comprehensive income for the period through which the Group held the investment in the subsidiary.

Profit or loss and each component of other comprehensive income are attributable to the owners of the Parent and the non-controlling interest. Total comprehensive income of subsidiaries is attributed to the owners of the Parent and to the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

- b. *Cash and cash equivalents* - Cash and cash equivalents comprise cash on hand, demand deposits, and term deposits with original maturities of three months or less and which are subject to insignificant risk of changes in value.
- c. *Trade receivables* - Trade receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognized at fair value. Trade receivables are subsequently measured at amortized cost, net of an allowance for expected credit losses (see Note 3j). Trade and other receivables do not carry any interest and are stated at their nominal value.
- d. *Inventory* - Inventory items are carried at the lower of cost and net realizable value, with cost being determined using weighted average cost. Net realizable value represents the estimated selling price of inventories less all estimated costs to make the sale.
- e. *Property, plant and equipment* - Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses. All costs directly associated with putting an asset into service are capitalized. Improvements that extend asset lives, and costs associated with the construction of cable and data transmission and distribution facilities, including direct labour and materials, are capitalized. Other repairs and maintenance costs are expensed as incurred.

CABLE BAHAMAS LTD.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2023

(Continued)

(Expressed in Bahamian dollars)

3. Significant Accounting Policies (Continued)

e. Property, plant and equipment (continued)

Land and construction in progress are not depreciated. Depreciation on property, plant and equipment (other than right-of-use assets, see Note 3r) is recorded on a straight-line basis over their estimated useful lives as follows:

Commercial buildings	40 years
Leasehold improvements	Term of the lease
Vehicles	3-5 years
Equipment	3-20 years
Network systems and infrastructure	3-40 years
Fiber optic network	25 years
Web hosting systems	8 years

The estimated useful life and depreciation method are reviewed at the end of each reporting year, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when future economic benefits are not expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the assets and is recognized in profit or loss.

f. Intangible assets - Intangible assets are carried at cost less accumulated amortization and net of any adjustment for impairment. Intangible assets consist of communications and spectrum licenses, the acquired license, and software and other related licenses.

The estimated useful lives and amortization methods are reviewed at the end of each reporting year, with the effect of any changes in the estimate being accounted for on a prospective basis.

An intangible asset is derecognized when no future economic benefits from use are reasonably expected. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net proceeds and the carrying amount of the assets are recognized in profit or loss when the asset is derecognized.

Costs associated with maintaining software programs are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognized as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use.
- management intends to complete the software and use or sell it.
- there is an ability to use or sell the software.

CABLE BAHAMAS LTD.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2023

(Continued)

(Expressed in Bahamian dollars)

3. Significant Accounting Policies (Continued)

f. Intangible assets (continued)

- it can be demonstrated how the software will generate probable future economic benefits.
- adequate technical, financial, and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Capitalized development costs are amortized from the point at which the asset is ready for use.

Software-as-a-Service (SaaS) arrangements

SaaS arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customize, and the ongoing fees to obtain access to the cloud provider's application software, are recognized as operating expenses when the services are received.

Some of the costs incurred relate to the development of software code that enhances or modifies, or creates additional capability to, existing on-premise systems and meets the definition of, and the recognition criteria for, an intangible asset. These costs are recognized as intangible software assets and amortized over the useful life of the software on a straight-line basis. The useful lives of these assets are reviewed at least at the end of each financial year, and any change accounted for prospectively as a change in accounting estimate.

- g. Impairment of non-financial assets* - At each consolidated statement of financial position date, management reviews the carrying amounts of its tangible and intangible assets, including right-of-use assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs to sell and value in use. Any impairment loss is recognized immediately in the consolidated statement of profit or loss and other comprehensive income.
- h. Subscriber deposits* - In the normal course of its operations, the Group requires its customers to make deposits relating to services contracted. These deposits are repayable to the customer on termination of contracted services, net of any outstanding amounts due.
- i. Foreign currency translation* - The Group's functional and presentation currency used to measure amounts included in the financial statements of the Group's entities is the Bahamian dollar.

CABLE BAHAMAS LTD.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2023

(Continued)

(Expressed in Bahamian dollars)

3. Significant Accounting Policies (Continued)

i. Foreign currency translation (continued)

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognized in the consolidated statement of profit or loss and other comprehensive income.

- j. **Financial instruments** - Financial assets and financial liabilities are recognized in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification and measurement of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value.

CABLE BAHAMAS LTD.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2023

(Continued)

(Expressed in Bahamian dollars)

3. Significant Accounting Policies (Continued)

j. Financial instruments (continued)

Amortized cost and the effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Financial assets as at fair value through profit or loss (FVTPL)

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or fair value through other comprehensive income (FVOCI), debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized within other income in the consolidated statement of profit or loss and other comprehensive income to the extent they are not part of a designated hedging relationship. The net gain or loss recognized in profit or loss includes unrealized fair value gain or loss, and any dividend or interest earned on the financial asset, and would be included in profit or loss.

CABLE BAHAMAS LTD.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2023

(Continued)

(Expressed in Bahamian dollars)

3. Significant Accounting Policies (Continued)

j. Financial instruments (continued)

Impairment of financial assets and contract assets

The Group recognizes an allowance for expected credit losses (“ECL”) on financial assets, other than those measured at fair value through profit or loss, and on contract assets. The Group determines a lifetime ECL for trade receivables and contract assets using the simplified approach of IFRS 9: Financial Instruments (IFRS 9). The ECL on these assets are estimated using a provision matrix based on historical credit loss experience, in order to determine a loss rate.

At each reporting period, the Group calculates a loss rate which is applied as a percentage to the period-ending balance of each respective aging category. The result in the aggregate across the aging categories, is the updated ECL. The allowance for ECL is adjusted at each period-end to reflect the reassessed ECL for the period.

This may be adjusted for factors that are specific to the debtors, and general forward-looking economic conditions. The Group has identified the gross domestic product (GDP) and the unemployment rate of the country in which it sells its goods and services to be the most relevant forward-looking factors, and accordingly may adjust the historical loss rates based on expected changes in these factors.

To measure the ECL, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to the Group’s remaining performance obligations to provide wireless services to customers under long-term contracts and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

For all other financial instruments, the Group would recognize lifetime ECL if there has been a significant increase in credit risk since initial recognition. If the credit risk of the financial instrument has not increased significantly since initial recognition, the Group measures a loss allowance for that financial instrument at an amount equal to a 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. The amount is updated at each reporting period to reflect changes in credit risk since initial recognition of the respective financial instrument.

CABLE BAHAMAS LTD.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2023

(Continued)

(Expressed in Bahamian dollars)

3. Significant Accounting Policies (Continued)

j. Financial instruments (continued)

Impairment of financial and contract assets (continued)

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. The Group considers available reasonable and supportive forward-looking information, which would include factors such as:

- actual or expected significant adverse changes in business, financial, or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations, or
- actual or expected significant changes in the operating results of the debtor.

Regardless of the analysis above, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise. A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due.

Write-offs

Financial assets are written off when there is no reasonable expectation of recovery, such as a failure to make contractual payments for a period of greater than 270 days past due, and a debtor failing to engage in a repayment plan with the Group. When a trade receivable or contract asset is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account.

Financial liabilities

Financial liabilities (including borrowings, lease liabilities, and trade and other payables) are classified as and subsequently measured at amortized cost using the effective interest method.

The effective interest is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

CABLE BAHAMAS LTD.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2023

(Continued)

(Expressed in Bahamian dollars)

3. Significant Accounting Policies (Continued)

j. *Financial instruments (continued)*

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the consolidated statement of profit or loss and other comprehensive income.

Modification of financial liabilities

When the Group exchanges with an existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new one. Similarly, the Group accounts for a substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of future cash flows under the new terms, including any fees paid, and discounted using the original effective interest rate is at least ten percent (10%) different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification, and (2) the present value of future cash flows after modification is recognized in profit or loss, as a modification gain or loss in the consolidated statement of profit or loss and other comprehensive income.

- k. ***Trade and other payables*** - These amounts represent unsecured liabilities for goods and services provided to the Group prior to the end of the financial year, which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.
- l. ***Basic and diluted earnings per share (EPS)*** – Basic earnings per share is calculated by dividing net income attributable to ordinary equity holders of the Parent for the year by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is calculated by dividing net income for the year by the weighted average number of ordinary shares outstanding during the year if all convertible securities and potentially dilutive instruments were exercised. Potentially dilutive instruments are all outstanding stock options. Unless the Group has no additional potential shares outstanding, the diluted EPS will always be lower than the basic EPS.

CABLE BAHAMAS LTD.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2023

(Continued)

(Expressed in Bahamian dollars)

3. Significant Accounting Policies (Continued)

- m. Retirement benefit costs* - Employer contributions made to the Group's defined contribution retirement benefit plan are charged as an expense when employees have rendered service entitling them to contribution. The benefit plan is separately managed and administered by a third-party service provider. The Group has no legal or constructive obligations to pay further contributions if the plan does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.
- n. Share based option plan* - The Company provides to key employees through a long-term incentive plan, the option to acquire ordinary shares in the Company. The fair value of the options is determined using the Black Sholes option pricing model. As the options vest over the term of the plan, an expense is recognized in profit or loss with a corresponding increase in equity.
- o. Treasury shares* - The Group may purchase its own ordinary shares in the open market. The amounts paid to purchase those shares including trade commissions are deducted from retained earnings and are recorded as treasury shares, which is a contra-equity account.
- p. Related parties* - Related parties include key management personnel (senior executive officers and directors), entities that are controlled by these parties, and ordinary shareholders with significant influence.
- q. Revenue from contracts with customers* - The Group recognizes revenues from the sale of products or the rendering of services in a manner that represents the transfer of goods and/or services to customers consistent with an amount reflecting the expected consideration in return for those goods or services; when all of the following conditions are met:
 - There is clear evidence that an arrangement exists.
 - The amount of revenue and related cost can be measured reliably.
 - It is probable that the economic benefits associated with the transaction will flow to the Group.
 - For bundled arrangements, the total arrangement consideration is allocated to each separately identifiable product or service included in the contract with the customer based on its stand-alone selling price. Generally, stand-alone selling prices are determined based on the observable prices at which products are sold separately without a service contract and prices for non-bundled service offers with the same range of services, adjusted for market conditions and other factors, as appropriate.

In particular, the Group recognizes:

- Television, internet, telephony, and postpaid wireless airtime and data subscriber revenues over time as the service is delivered (usually monthly).
- Fees for local, long distance and wireless services (e.g. prepaid and roaming), and pay-per-use services when the services are provided.

CABLE BAHAMAS LTD.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2023

(Continued)

(Expressed in Bahamian dollars)

3. Significant Accounting Policies (Continued)

q. Revenue from contracts with customers (Continued)

- Other fees, such as network access fees, license fees, hosting fees, maintenance fees, standby fees, and equipment rental fees over the term of the contract as services are delivered.
- Revenues from the sale of equipment when the equipment is delivered and accepted by customers.
- Revenues on long-term contracts over time as services are provided, when equipment is delivered to and accepted by customers, and contract performance obligations are met.
- Advertising revenue, net of agency commission when advertisements are aired on television.

The Group measures revenues at the fair value of the arrangement consideration. Revenues are reduced for customer rebates and allowances and exclude taxes the Group collects from customers.

The Group may also enter into arrangements with dealers who would also provide services to the customer base. When the Group acts as the principal in these arrangements, revenue is recognized based on the amounts billed to customers. Otherwise, the net amount that is retained as revenue is recognized.

A contract asset is recognized in the consolidated statement of financial position when the right to consideration from the transfer of products or services to a customer is conditional on the obligation to transfer other products or services. Contract assets are transferred to trade receivables when the right to the consideration becomes conditional only as to the passage of time. Incremental costs of obtaining a contract with a customer, principally comprised of sales commissions and prepaid contract fulfillment costs, are included in contract assets in the consolidated statement of financial position. These costs are deferred when incurred and are recorded as operating expenses over the pattern of transfer of goods and services to the customer, except where the amortization period is one year or less, in which case costs of obtaining a contract are immediately expensed.

Capitalized costs are amortized on a systematic basis that is consistent with the period and pattern of transfer to the customer of the related products or services. The Group amortizes these amounts over the average term of its customer contracts.

Payments received in advance from subscribers, including upfront refundable payments, are treated as a contract liability and presented as “deferred income” in the consolidated statement of financial position and are recognized as income when the relevant performance obligations are satisfied.

CABLE BAHAMAS LTD.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2023

(Continued)

(Expressed in Bahamian dollars)

3. Significant Accounting Policies (Continued)

r. Leases

The Group as a lessee

The Group rents real estate, poles, and other support structures, and equipment. The Group assesses whether a contract is or contains a lease, at inception of a contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all arrangements in which it is the lessee, except for short term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses an incremental borrowing rate. The lease liability is subsequently measured by increasing the carrying amount to reflect the interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the principal portion of the lease payments.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and any impairment losses.

When the Group has a present obligation to dismantle and remove a leased asset, restore the site on which it is located, or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized for reliably estimable costs. This provision is included on the consolidated statement of financial position.

Lease assets which are right-of-use assets are depreciated over the shorter period of the lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying assets, the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The lease assets are presented within property, plant and equipment in the consolidated statement of financial position.

CABLE BAHAMAS LTD.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2023

(Continued)

(Expressed in Bahamian dollars)

3. Significant Accounting Policies (Continued)

r. Leases (continued)

The Group as a lessor

The Group has not entered into any lease agreements as a lessor.

- s. **Taxation** - Under the current laws of The Bahamas, there are no income, withholding, or capital gains taxes imposed.

The Value Added Tax (“VAT”) Act, as amended, imposed VAT at a rate of 12% until January 1, 2022 and thereafter imposes VAT at a rate of 10%. The Group in compliance with this Act, charges its customers VAT through its invoices on all applicable services.

- t. **Tax deposits** – Deposits paid to the tax authority with respect to tax matters that are outside the scope of IAS 12, that are in dispute are accounted for within prepaid expense and deposits in the consolidated statement of financial position until the dispute is resolved. Upon resolution of the dispute, the tax authority will be required to either refund the tax deposit to the Group (if the dispute is resolved in the Group’s favor) or use the deposit to settle the Group’s liability (if the dispute is resolved in the tax authority’s favor).

- u. **Provisions** – Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting year, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

- v. **Segment reporting** - The Group uses as its basis for segmentation and reporting, the results of operations and the financial position of its separately managed business components for which the chief operating decision maker reviews the financial results.
- w. **Corresponding figures** – Where necessary, corresponding figures are adjusted to conform with changes in presentation in the current year.

CABLE BAHAMAS LTD.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2023

(Continued)

(Expressed in Bahamian dollars)

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting year. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

The Group bases its estimates on a number of factors, including historical experience, current events and actions that the Group may undertake in the future and other assumptions that it believes are reasonable under the circumstances. By their nature, these estimates and judgements are subject to measurement uncertainty.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be incorrect.

a) Estimated useful economic lives of tangible and finite-lived intangible assets

Property, plant and equipment represents 61% (2022: 57%) of the Group's total assets. Intangible assets represent 11% (2022: 10%) of the Group's total assets. Changes in technology or intended use of these assets, as well as changes in business prospects or economic and industry factors, may cause the estimated useful lives of these assets to change.

Management determines the useful lives and residual values for assets when they are acquired, based on experience with similar assets and taking into account other relevant factors such as any expected changes in technology. The depreciation charge for an asset is derived using estimates of its expected useful life and expected residual value, which are reviewed annually.

Refer to Note 9 for further details of changes made during the previous year impacting the estimated useful life of certain components of the Group's property, plant and equipment.

CABLE BAHAMAS LTD.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2023

(Continued)

(Expressed in Bahamian dollars)

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (Continued)

b) Impairment of tangible and intangible assets

If events or changes in circumstances during the reporting year indicate that a tangible or intangible asset might be impaired, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the assets belong. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash generating units or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of fair value less cost of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the assets for which the estimates of future cash flows have not been adjusted.

c) Impairment of financial assets and contract assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's history and existing market conditions, as well as forward-looking estimates at the end of each reporting period.

d) Contingencies

The Group is involved in various claims, tax disputes and legal and regulatory proceedings initiated by various parties seeking monetary damages and other relief. These contingencies represent a potential cost to the business should the final outcomes result in unfavorable decisions against the Group. The Group estimates the amount of a potential loss by analyzing various outcomes and assuming various litigation and settlement strategies, based on information that is available at the time.

e) Multiple element arrangement

Where a contractual arrangement consists of two or more separate elements that have value to a customer on a stand-alone basis (e.g. wireless devices and voice and data services), revenue is recognized for each element as if it were an individual contract. Total contract consideration is allocated between the separate elements based on relative stand-alone selling prices. The Group applies judgement in both identifying separate elements and allocating consideration between them.

CABLE BAHAMAS LTD.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2023

(Continued)

(Expressed in Bahamian dollars)

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (Continued)

f) Reasonable certainty and determination of lease terms

The lease term is a key determinant of the size of the lease liability and right-of-use asset recognized where the Group acts as lessee. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases that allow for an extension option, the Group performed an assessment of its expectations to continue to use the assets and the expected length of time for which extension options would be reasonably certain. The following considerations represent significant economic incentives to continue to exercise extension options:

- A known impediment such as high costs to remove or relocate the assets,
- Indirect cost due to the possibility of an unsustainable reduction in revenue based on the removal of a necessary piece of the service network, or
- The unavailability of suitable alternative sites.

The Group is typically reasonably certain of exercising extension options on its leases, especially those related to its network assets, primarily due to the significant cost that would be required to relocate the network towers and related equipment.

g) Capitalizing direct labor

During its operations, the Group, where applicable, capitalizes certain direct labor costs associated with the acquisition, construction, development, or improvement of the network to property, plant, and equipment. The capitalized amounts are calculated based on allocated time on projects that are capital in nature. Capitalized amounts increase the cost of the asset and result in a higher carrying cost and depreciation expense in future periods.

h) Capitalization of configuration and customization costs in SaaS arrangements

Part of the customization and configuration activities undertaken in implementing SaaS arrangements may entail the development of software code that enhances or modifies, or creates additional capability to the existing on-premise software to enable it to connect with the cloud-based software applications. Judgement is applied in determining whether the additional code meets the definition of, and the recognition criteria for, an intangible asset in IAS 38 *Intangible Assets*.

CABLE BAHAMAS LTD.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2023

(Continued)

(Expressed in Bahamian dollars)

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (Continued)

i) Determination whether configuration and customization services are distinct from the SaaS access

Costs incurred to configure or customize the cloud provider's application software are recognized as operating expenses when the services are received. In a contract where the cloud provider provides both the SaaS configuration and customization, and the SaaS access over the contract term, the management applies judgement to determine whether these services are distinct from each other or not, and therefore, whether the configuration and customization costs incurred are expensed as the software is configured or customized (i.e. upfront), or over the SaaS contract term.

Specifically, where the configuration and customization activities significantly modify or customize the cloud software, these activities are not distinct from the access to the cloud software over the contract term. Judgement has been applied in determining whether the degree of customization and modification of the cloud-based software is significant.

5. Short-Term Investments

The Group holds United States treasury bills and Bahamas Government bonds as lower-risk investments, with maturities of one (1) year or less. The business model for managing these financial assets is to hold to trade within the near term rather than to hold to collect.

The Group classifies the following financial assets at fair value through profit or loss (FVTPL):

	2023 \$	2022 \$
Bahamas Government Registered Stock	10,125,114	-
United States government debt securities	31,579,927	30,501,198
	<u>41,705,041</u>	<u>30,501,198</u>
	2023 \$	2022 \$
Fair value gain (loss) on investments at FVTPL	<u>948,990</u>	<u>(144,595)</u>

CABLE BAHAMAS LTD.

Notes to the Consolidated Financial Statements For the Year Ended June 30, 2023 (Continued)

(Expressed in Bahamian dollars)

6. Trade and Other Receivables

Trade and other receivables comprise the following:

	2023 \$	2022 \$
Subscribers	17,119,647	13,387,158
Other (Note 14)	4,035,154	50,752,723
	21,154,801	64,139,881
Allowance for expected credit losses	(3,715,367)	(4,165,656)
	17,439,434	59,974,225

Trade receivables are non-interest bearing and are generally on payment terms of net 30 to 90 days.

The movement in allowance for expected credit losses are as follows:

	2023 \$	2022 \$
Balance at the beginning of the year	4,165,656	7,745,702
Amounts written off during the year	(3,148,584)	(4,394,096)
Amounts recovered during the year	1,311,134	465,557
Allowance recognized in the consolidated statement of profit or loss and other comprehensive income	1,387,161	348,493
Balance at the end of the year	3,715,367	4,165,656

CABLE BAHAMAS LTD.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2023

(Continued)

(Expressed in Bahamian dollars)

6. Trade and Other Receivables (Continued)

The following table details the risk profile of trade receivables based on the Group's provision matrix. The Group's allowance for credit losses based on past due status is further distinguished between the Group's customer segments, as different loss patterns have been historically observed. No allowance for expected credit losses has been recognized for other receivables.

June 30, 2023		Days past due						
Corporate and Government*	<30	31-60	61-90	91-120	121-150	151-180	>181	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Expected credit loss rate	6%	8%	8%	10%	60%	78%	100%	
Estimated total gross carrying amount at default	4,765,846	2,011,441	1,364,172	1,211,986	481,123	225,416	1,005,908	11,065,892
Lifetime ECL	299,066	152,324	112,756	126,407	288,397	175,407	1,005,908	2,160,265

June 30, 2022		Days past due						
Residential	<30	31-60	61-90	91-120	121-150	151-180	>181	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Expected credit loss rate	12%	25%	56%	75%	92%	97%	100%	
Estimated total gross carrying amount at default	3,939,705	1,122,937	322,705	132,334	100,966	96,015	339,093	6,053,755
Lifetime ECL	473,904	275,529	181,570	99,538	92,628	92,840	339,093	1,555,102

June 30, 2022		Days past due						
Corporate and Government*	<30	31-60	61-90	91-120	121-150	151-180	>181	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Expected credit loss rate	7%	9%	16%	24%	71%	93%	100%	
Estimated total gross carrying amount at default	2,822,404	968,497	618,114	355,885	399,584	226,400	1,144,581	6,535,465
Lifetime ECL	203,330	87,270	97,425	85,876	284,155	210,839	1,144,581	2,113,476

June 30, 2022		Days past due						
Residential	<30	31-60	61-90	91-120	121-150	151-180	>181	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Expected credit loss rate	12%	28%	58%	76%	93%	98%	100%	
Estimated total gross carrying amount at default	4,221,597	1,207,286	415,215	182,191	149,995	146,751	528,658	6,851,693
Lifetime ECL	523,931	334,180	242,230	139,182	139,582	144,417	528,658	2,052,180

*For Government, the ECL rate considered de-minimis.

7. Prepaid Expenses and Deposits

	2023	2022
	\$	\$
Deposits	4,396,921	1,469,221
Government and regulatory fees	2,460,345	1,287,604
Prepaid insurance	376,214	429,182
Support and maintenance contracts	3,705,525	3,158,282
Other	98,125	81,398
	<u>11,037,130</u>	<u>6,425,687</u>

CABLE BAHAMAS LTD.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2023

(Continued)

(Expressed in Bahamian dollars)

7. Prepaid Expenses and Deposits (Continued)

Deposits include \$2,118,477 (2022: \$362,284) for mobile network expansion and \$1,594,269 (2022: \$Nil) in tax deposit paid to the Department of Inland Revenue. Refer to Note 17 for details of the tax deposit paid by the Group during the year.

Government and regulatory fees represent amounts paid for communication fees and regulatory fees paid to Utilities Regulation and Competition Authority (“URCA”).

Support and maintenance contracts relate to prepayments made to various vendors that support the fixed and mobile networks of the Group.

8. Contract Assets

The subsequent table provides a reconciliation of the change in the contract assets balance. The Group recognizes contract assets on subsidies given to customers in relation to bundled contracts, as well as costs to obtain contracts. Where the right to consideration, from the transfer of products or services to customers extends beyond twelve months, that portion of the contract asset is presented as a non-current asset on the consolidated statement of financial position.

	2023	2022
	\$	\$
<i>Contract assets relating to bundled contracts</i>		
Balance as at the beginning of the year	1,516,103	942,632
Revenue recognized	941,226	2,310,015
Transferred to trade receivables	(1,023,665)	(1,247,204)
Terminations	(686,509)	(489,340)
	<u>747,155</u>	<u>1,516,103</u>
Allowance for expected credit losses	(233,854)	(233,854)
Balance as at the end of the year	<u>513,301</u>	<u>1,282,249</u>
<i>Costs to obtain contracts</i>		
Balance as at the beginning of the year	453,090	888,905
Incremental costs of new contracts	551,154	443,439
Amortization included in cost of sales	(545,141)	(626,293)
Charges included in operating expenses	-	(252,961)
Balance as at the end of the year	<u>459,103</u>	<u>453,090</u>
	<u>972,404</u>	<u>1,735,339</u>

There was no change in the allowance for expected credit loss on contract assets during the period.

CABLE BAHAMAS LTD.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2023

(Continued)

(Expressed in Bahamian dollars)

9. Property, Plant and Equipment

The movement in property, plant and equipment during the year is as follows:

	Land \$	Commercial Buildings \$	Vehicles \$	Equipment \$	Network Systems & Infrastructure \$	Fiber Optic Network \$	Web Hosting Systems \$	Construction in Progress \$	Total \$
COST:									
Balance at June 30, 2021	24,922,949	44,558,373	13,527,989	185,610,872	391,653,782	28,203,744	1,164,459	7,158,531	696,800,699
Modifications to right-of-use asset	139,856	-	-	-	-	-	-	-	139,856
Additions	766,847	671,532	980,178	9,613,264	22,242,604	-	21,375	7,465,739	41,761,539
Transfer of assets	-	27,906	-	266,629	2,416,353	-	-	(2,710,888)	-
Disposals	(661,020)	-	-	-	(833,179)	-	-	-	(1,494,199)
Balance at June 30, 2022	25,168,632	45,257,811	14,508,167	195,490,765	415,479,560	28,203,744	1,185,834	11,913,382	737,207,895
Modifications to right-of-use asset	-	-	-	-	-	-	-	-	-
Additions	445,699	766,828	266,510	3,970,327	5,307,435	4,304	-	40,090,276	50,851,379
Transfer of assets	500,000	2,323,500	-	(1,809,281)	4,933,651	-	-	(5,947,870)	-
Disposals	(246,807)	(2,416,380)	(53,373)	(3,673)	(66,539)	-	-	-	(2,786,772)
Balance at June 30, 2023	25,867,524	45,931,759	14,721,304	197,648,138	425,654,107	28,208,048	1,185,834	46,055,788	785,272,502
ACCUMULATED DEPRECIATION:									
Balance at June 30, 2021	2,511,672	19,724,804	12,207,026	114,618,029	205,246,181	22,144,154	1,107,323	-	377,559,189
Depreciation	545,363	2,470,277	1,005,377	12,287,479	35,373,304	1,239,934	20,711	-	52,942,445
Disposals	(516,373)	-	-	-	-	-	-	-	(516,373)
Balance at June 30, 2022	2,540,662	22,195,081	13,212,403	126,905,508	240,619,485	23,384,088	1,128,034	-	429,985,261
Modifications to right-of-use asset	-	-	-	-	-	-	-	-	-
Depreciation	576,403	1,592,500	879,031	11,872,579	38,529,640	1,085,442	25,917	-	54,561,512
Disposals	(25,150)	(1,393,145)	(26,011)	(3,673)	(66,539)	-	-	-	(1,514,518)
Balance at June 30, 2023	3,091,915	22,394,436	14,065,423	138,774,414	279,082,586	24,469,530	1,153,951	-	483,032,255
CARRYING VALUE:									
As at June 30, 2023	22,775,609	23,537,323	655,881	58,873,724	146,571,521	3,738,518	31,883	46,055,788	302,240,247
As at June 30, 2022	22,627,970	23,062,730	1,295,764	68,585,257	174,860,075	4,819,656	57,800	11,913,382	307,222,634

At the beginning of the prior fiscal year, the Group took a decision to transition its fixed distribution network in New Providence from hybrid-fiber coaxial (HFC) to fiber-to-the-home (FTTH), an undertaking which it projected would take four (4) years to complete. As a result of this decision, the Group undertakes impairment assessments of the cash-generating unit (CGU) to which the HFC assets relate, the result of which is that no impairment loss has been recognized. The Group also reassesses the useful life of the HFC assets to be decommissioned in New Providence and determines whether a prospective change is required to reduce the useful life to the term of the project. This resulted in the recognition of additional depreciation expense of \$Nil during the year ended June 30, 2023 (2022: \$11,234,391).

CABLE BAHAMAS LTD.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2023

(Continued)

(Expressed in Bahamian dollars)

9. Property, Plant and Equipment (Continued)

The calculation of value-in-use involved in the impairment assessment of the CGU is most sensitive to the discount rate assumption. The discount rate represents the current market assessment of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate is derived from the weighted average cost of capital (WACC) of the Company. The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service.

A discount rate exceeding 18.2% (2022: 14.5%) in the CGU would lead to the recognition of an impairment loss.

During the year ended June 30, 2022, the Group reclassified its customer premises equipment and certain other equipment held as inventory in the prior year to property, plant and equipment. These items are included within the additions of the 'network systems and infrastructure' and 'equipment' categories in the preceding table. This reclassification was based on the nature of these assets, their intended use and their revenue generating function, and conforms with industry practice.

Property, plant and equipment on the consolidated statement of financial position comprises both owned and leased assets that do not meet the definition of investment property.

	2023 \$	2022 \$
Property, plant and equipment owned	257,117,223	261,659,756
Right-of-use assets	45,123,024	45,562,878
	<u>302,240,247</u>	<u>307,222,634</u>

CABLE BAHAMAS LTD.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2023

(Continued)

(Expressed in Bahamian dollars)

9. Property, Plant and Equipment (Continued)

The following table provides information on the right-of-use assets included in property, plant and equipment on the consolidated statement of financial position.

	Land	Commercial Buildings	Network Systems and Infrastructure	Total
	\$	\$	\$	\$
Net carrying amount at				
June 30, 2022	20,652,138	1,672,303	23,238,437	45,562,878
June 30, 2023	20,299,782	853,158	23,970,084	45,123,024
Depreciation expense for the year ended				
June 30, 2022	545,363	871,278	950,829	2,367,470
June 30, 2023	576,403	405,392	1,242,382	2,224,177
Total additions during the year				
June 30, 2022	906,702	295,257	-	1,201,959
June 30, 2023	445,699	672,238	1,974,143	3,092,080
Total disposals during the year				
June 30, 2022	(144,645)	-	(833,179)	(977,824)
June 30, 2023	(221,657)	(1,086,100)	-	(1,307,757)

10. Intangible Assets

Intangible assets included in the consolidated statement of financial position consist of the following:

Communications licenses

The Company has an Individual Operating License (“IOL”) and an Individual Spectrum License (“ISL”) issued by The Utilities Regulation and Competition Authority to provide any network or carriage services in accordance with the conditions of the licenses. This allows the Group to provide telephony, cable television, and internet services in The Bahamas. The Group has recognized costs required to fully utilize its communications licenses as an intangible asset, which are being amortized over the remaining term of the licenses that expire on October 14, 2024.

CABLE BAHAMAS LTD.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2023

(Continued)

(Expressed in Bahamian dollars)

10. Intangible Assets (Continued)

Aliv has an Individual Operating License, authorizing the operation of an electronic communications network and provision of carriage services; and, an Individual Spectrum License, authorizing the use of specific allocations of premium radio spectrum. Both licenses have been awarded for a term of fifteen years that expire on June 29, 2031.

The Group recognized all costs associated with the issuance of the IOL and ISL to Aliv as an intangible asset. These costs are being amortized on a straight-line basis over the term of the licenses.

Software and licenses

All costs associated with internally developed and purchased software and licenses are capitalized including all costs associated with placing the software into service and all costs are amortized on a straight-line basis over their estimated useful lives, which is 5 to 10 years.

Acquired licenses

Grand Bahama Port Authority License

Cable Freeport is licensed by the Grand Bahama Port Authority to exclusively conduct its cable television business in the Freeport area through the year 2054. This license is being amortized on a straight-line basis through the term of the license.

SRG has also been licensed by the Grand Bahama Port Authority to provide telecommunications services in the Freeport area.

Intangible assets acquired as a part of the acquisition of SRG included Spectrum and Communications Licenses, collectively the “Acquired Licenses”. The Spectrum license allows SRG to use the Assigned Radio Spectrum in The Bahamas.

The Communications License allows the licensee within, into, from, and through The Bahamas a right to provide Carriage Services and to establish, maintain, and operate one or more networks. Both licenses are being amortized over the remaining term of the licenses which expire in 2024 on the anniversary of their grant dates. As these licenses are of a similar nature and have the same term for reporting and disclosure purposes, they are classified together as the Acquired Licenses.

Work in progress

The work in progress represents the development costs associated with the billing software for the FTTH network.

CABLE BAHAMAS LTD.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2023

(Continued)

(Expressed in Bahamian dollars)

10. Intangible Assets (Continued)

The movement in intangible assets during the year consists of the following:

	Communications License	*Software and License	Acquired Licenses	Work in Progress	Total
COST	\$	\$	\$	\$	\$
Balance at June 30, 2021	72,830,680	19,643,912	19,368,563	-	111,843,155
Assets acquired	-	2,340,420	-	-	2,340,420
Balance at June 30, 2022	72,830,680	21,984,332	19,368,563	-	114,183,575
Assets acquired	-	1,985,576	-	2,248,270	4,233,846
Disposals	-	(1,184,685)	-	-	(1,184,685)
Balance at June 30, 2023	72,830,680	22,785,223	19,368,563	2,248,270	117,232,736
AMORTIZATION					
Balance at June 30, 2021	27,441,045	7,510,293	13,959,076	-	48,910,414
Amortization for the year	4,898,045	2,831,678	989,035	-	8,718,758
Balance at June 30, 2022	32,339,090	10,341,971	14,948,111	-	57,629,172
Amortization for the year	4,897,920	2,321,247	967,734	-	8,186,901
Disposals	-	(787,318)	-	-	(787,318)
Balance at June 30, 2023	37,237,010	11,875,900	15,915,845	-	65,028,755
CARRYING VALUE:					
June 30, 2023	35,593,670	10,909,323	3,452,718	2,248,270	52,203,981
June 30, 2022	40,491,590	11,642,361	4,420,452	-	56,554,403

*Software and licenses include capitalized development costs representing internally generated intangible assets totaling \$1,128,775 (2022: \$1,542,597). During the year, the Group recognized \$1,686,823 (2022: \$1,744,428) in software and licenses in respect of customization and configuration costs incurred in implementing SaaS arrangements.

CABLE BAHAMAS LTD.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2023

(Continued)

(Expressed in Bahamian dollars)

11. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities comprise the following:

	2023	2022
	\$	\$
Government and statutory agencies	24,059,397	20,364,989
Trade payables	13,620,018	18,638,062
Other liabilities	4,584,447	3,850,128
Payroll and employee benefits	2,665,778	3,172,201
	<u>44,929,640</u>	<u>46,025,380</u>

In prior years, URCA issued Preliminary Determinations outlining perceived breaches by the Group relating to the non- payment of fees with respect to its operations in Grand Bahama. URCA asserts that the Group is in breach of Parts IV and XVI of the Communications Act and as such has pursued regulatory measures against the Group with the view to resolve this matter. The Group has maintained that based on provisions of the Hawksbill Creek Agreement, URCA does not have a legal basis to license its operations in Grand Bahama, and has commenced legal proceedings to defend this position. At June 30, 2023 and 2022, a provision has been recognized for what the Group considers to be a probable future outflow and included under amounts payable to the Government and statutory agencies.

On November 21, 2022, URCA issued a Final Determination and Order against the Company with respect to certain matters relating to its compliance with quality of service standards in the provision of its pay television services during the period January to December 2021. At June 30, 2023, a provision has been recognized for what the Group considers to be a probable future outflow and included under amounts payable to the Government and statutory agencies. The Group intends to appeal the matter.

In addition to the above, amounts payable to the Government and statutory agencies as of year-end include liabilities owed for value added tax, customs duties, and regulatory and licensing fees.

Accounts payable and accrued liabilities are non-interest bearing. Refer to Note 25 for relevant details on the Group's liquidity risk management processes and payment terms.

CABLE BAHAMAS LTD.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2023

(Continued)

(Expressed in Bahamian dollars)

12. Lease Liabilities

Lease liabilities include the following:

Lease Liabilities (Group as a lessee)

The lease liabilities corresponding to the right-of-use assets disclosed in Note 9 carry terms ranging from 5 to 40 years and are discounted using the incremental borrowing rate. As at June 30, 2023 and 2022, the balance outstanding included in lease liabilities on the consolidated statement of financial position are outlined below:

	2023 \$	2022 \$
Non-current portion	53,734,598	53,277,177
Current portion	3,392,819	3,089,222
	<u>52,127,417</u>	<u>56,366,399</u>

Amounts recognized in profit or loss and statement of cash flows related to leases are as follows:

	2023 \$	2022 \$
Interest expense on lease liabilities	4,524,685	4,507,951
Expense relating to short-term leases	1,280,231	1,662,959
Expense relating to low-value leases	4,980	4,565
Cash outflows on lease liabilities:		
Interest paid	3,919,332	4,833,485
Principal paid	1,342,692	1,361,567

CABLE BAHAMAS LTD.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2023

(Continued)

(Expressed in Bahamian dollars)

13. Notes Payable and Loans

	2023	2022
	\$	\$
<i>Notes Payable</i>		
Series A: 8.00%; 2026	16,648,000	20,810,000
Series B: 8.50%; 2031	39,190,000	39,190,000
	55,838,000	60,000,000
Unamortized cost	(852,320)	(1,214,789)
Total notes payable	<u>54,985,680</u>	<u>58,785,211</u>

Movement in notes payable is as follows:

Opening balance	58,785,211	58,620,304
Principal payment	(4,162,000)	-
Interest expense	5,193,307	5,160,857
Interest paid	(4,830,838)	(4,995,950)
Closing balance	<u>54,985,680</u>	<u>58,785,211</u>

Series A unsecured notes mature on December 31, 2026, following five (5) equal annual installments which commenced on December 31, 2022, with interest payable at the rate of 8.00% per annum (2022: 8.00%). Series B unsecured notes mature on December 31, 2031 following eight (8) equal annual installments commencing on December 31, 2024, with interest payable at the rate of 8.50% per annum (2022: 8.50%). Interest on the notes is payable semi-annually on the last business day in June and December each year.

	2023	2022
	\$	\$
<i>Loan payable</i>		
Promissory Note:		
HoldingCo: Prime + 3.50%; 2033	10,750,000	10,750,000
Accrued interest	<u>2,418,389</u>	<u>1,767,989</u>
Total	<u>13,168,389</u>	<u>12,517,989</u>

Movement in loan is as follows:

Opening balance	12,517,989	11,997,844
Interest expense	<u>650,400</u>	<u>520,145</u>
Closing balance	<u>13,168,389</u>	<u>12,517,989</u>

CABLE BAHAMAS LTD.**Notes to the Consolidated Financial Statements****For the Year Ended June 30, 2023****(Continued)***(Expressed in Bahamian dollars)***13. Notes Payable and Loans (Continued)**

The Group has issued a secured promissory note to HoldingCo. for a total of \$10,750,000. This promissory note is set to mature on September 30, 2033, and no installment payments are required prior to the maturity date. Interest on the outstanding principal balance is accrued on a quarterly basis at the Bahamian Prime Lending Rate (which equaled 4.25% as at June 30, 2023 and 2022), plus a margin of 3.5% (2022: 3.5%). The promissory note is secured by:

- a. Second fixed charge over all present and future freehold and leasehold property of Aliv and all buildings fixtures (including trade fixtures) and all plant and machinery from time to time belonging or held under license or leased by Aliv and all the goodwill and uncalled capital for the time being of the Company.
- b. Second floating charge, over all other undertaking and assets of Aliv whatsoever and wheresoever both present and future.

CABLE BAHAMAS LTD.

Notes to the Consolidated Financial Statements For the Year Ended June 30, 2023 (Continued)

(Expressed in Bahamian dollars)

14. Preferred Shares

Opening balance	317,903,610	273,314,660
Issued during the year	-	50,000,000
Redeemed during the year	(31,027,000)	-
Dividend expense	19,837,911	17,531,866
Dividend paid	(21,589,064)	(17,270,000)
Gain on modification	-	(3,526,371)
Transaction costs related to modification and new issuances	-	(2,146,545)
Closing balance	285,125,457	317,903,610
Preferred shares - current portion	14,935,890	9,463,960
Preferred shares - non-current portion	270,189,567	308,439,650

Details of preferred shares authorized, issued and outstanding

Authorized:

10,000 shares par value B\$1,000

25,000,000 shares par value B\$0.01

Issued and outstanding:

Series Name	Issued Amount	Par Value	Dividend Rate	Face Value	Maturity Date
2023					
Series One cumulative redeemable amortizing preferred shares	70,000	0.01	8.00%	B\$1,000	Oct-27
Series Fifteen cumulative redeemable preferred shares	128,500	0.01	5.50%	B\$1,000	Jun-32
Series Sixteen cumulative redeemable preferred shares	90,500	0.01	6.00%	B\$1,000	Jun-37
2022					
Series One cumulative redeemable amortizing preferred shares	70,000	0.01	8.00%	B\$1,000	Oct-27
Series Fifteen cumulative redeemable preferred shares	128,500	0.01	5.50%	B\$1,000	Jun-32
Series Sixteen cumulative redeemable preferred shares	90,500	0.01	6.00%	B\$1,000	Jun-37
Series Thirteen cumulative redeemable preferred shares	26,000	0.01	6.25%	B\$1,000	Jun-26

Preferred shares issued by the Group are unsecured and do not carry voting rights. They pay dividends semi-annually and are ranked ahead of the ordinary shares in the event of liquidation. Proceeds from the issuance of these shares were used to either settle short-term debt commitments or fund capital investments. The preferred shares may be redeemed at the option of the Group with ninety (90) days written notice to the shareholders. As the preferred shares are mandatorily redeemable on a specific date (or in the case of Series 1 amortizing preferred shares, specific dates), they are recognized as financial liabilities in the consolidated financial statements. Series 1 cumulative redeemable amortizing preferred shares mature on October 31, 2027 following five (5) equal annual installments commencing on October 31, 2023.

The Group exercised its option for early redemption of the Series Thirteen preferred shares effective as of June 30, 2023, and a payment was made to those preferred shareholders representing the sum of principal and dividend owed.

CABLE BAHAMAS LTD.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2023

(Continued)

(Expressed in Bahamian dollars)

14. Preferred Shares (Continued)

The Series Seven preferred shares which matured in May 2016 had an unpaid balance of \$5,827,203 as of June 30, 2022, and was included within the current portion of the preferred shares as of that date. This outstanding balance comprised of a principal amount of \$5,027,000 and a dividend payable amount of \$800,203. In March 2023, the outstanding balance was settled with the respective shareholder, resulting in the extinguishment of the liability associated with the Series Seven preferred shares.

Refinancing of preferred shares

During 2022, the Group renegotiated its obligations to Series Six and Series Nine preferred shareholders. As a result of this renegotiation, the Series Six and Series Nine preferred shares which previously bore dividend rates of 5.75% and 6.25%, respectively, were rolled over to Series Fifteen and Series Sixteen preferred shares carrying dividend rates of 5.50% and 6.00%, respectively, and which also extended the previous redemption dates by eight (8) and twelve (12) years, respectively. The private placement of the new series also yielded an additional \$50 million in subscriptions, split evenly between both series as at June 30, 2022.

After payment of placement agent fees, the unpaid amounts that remained collectible at June 30, 2022 totaled \$47,552,545 and were included in 'trade and other receivables' on the consolidated statement of financial position as at June 30, 2022. Cash proceeds to settle this amount were received in full on July 1, 2022.

This refinancing of the preferred shares was accounted for as a modification of the existing financial liability and a related gain on this modification of \$3,526,371 has been recognized and separately presented in the consolidated statement of profit or loss and other comprehensive income for the year ended June 30, 2022.

15. Ordinary Share Capital

Ordinary share capital is comprised of the following:

	2023	2022
Issued and fully paid ordinary shares of no par value	43,887,035	43,887,035
	2023	2022
	\$	\$
Ordinary share capital	30,367,307	30,367,307

The authorized ordinary share capital of the Company is \$20,000,000 comprised of 60,000,000 ordinary shares of no par value.

CABLE BAHAMAS LTD.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2023

(Continued)

(Expressed in Bahamian dollars)

15. Ordinary Share Capital (Continued)

The number of ordinary shares outstanding as at June 30, 2023 was 43,887,035 (2022: 43,887,035) and the weighted average number of ordinary shares was 43,388,141 (2022: 43,322,712).

Ordinary dividends per share

During the year, the board declared dividends of \$0.06 per share on December 9, 2022 and \$0.06 per share on May 12, 2023 which were paid on December 31, 2022 and June 30, 2023, respectively. The amount of dividends declared and paid was adjusted for treasury shares at the time of the declarations of the dividends which in aggregate totaled \$56,332 (2022: \$Nil).

Earnings per share

The earnings used in the calculation of basic and diluted earnings per share are as follows:

	2023	2022
	\$	\$
Earnings used in calculation of basic and diluted earnings per share on profit or loss - attributable to ordinary equity holders of the Parent	4,591,907	5,104,919

The weighted average numbers of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

	2023	2022
Weighted average of ordinary shares used in calculation of basic earnings per share	43,388,141	43,322,712
Number of dilutive shares under share option	<u>803,228</u>	<u>1,465,491</u>
Weighted average of ordinary shares used in calculation of diluted earnings per share	<u>44,191,369</u>	<u>44,788,203</u>

CABLE BAHAMAS LTD.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2023

(Continued)

(Expressed in Bahamian dollars)

16. Treasury Shares

Treasury shares are ordinary shares that are held by the Parent in order to enable management's long-term capitalization strategy, in line with the Group's capital risk management structure. The movement in shares during the year is as follows:

	2023	2023	2022	2022
	<u>No. of shares</u>	<u>Dollar value</u>	<u>No. of shares</u>	<u>Dollar value</u>
		\$		\$
Opening balance, beginning of year	528,224	2,520,617	562,992	2,639,932
Acquisition of shares	51,700	205,058	7,232	24,096
Sale or transfer of shares	<u>(126,250)</u>	<u>(292,530)</u>	<u>(42,000)</u>	<u>(143,411)</u>
Ending balance, end of the year	<u>453,674</u>	<u>2,433,145</u>	<u>528,224</u>	<u>2,520,617</u>

17. Commitments and Contingent Liabilities

The Group has a facility for corporate credit cards and letters of guarantee in the amount \$700,000 (2022: \$700,000) held with its bank.

The Group has in place a letter of guarantee with its bank in the amount of \$100,000 (2022: \$100,000) which is considered restricted cash and is included in the term deposits balance; and capital commitments of \$3,811,432 (2022: \$3,940,355) in relation to the acquisition of network infrastructure.

As of June 30, 2023, Aliv is involved in a formal dispute with the Department of Inland Revenue (DIR) concerning an assessment issued by the DIR for unpaid taxes and fees totaling \$1,594,269. The assessment covered the period from April 1, 2017, to December 31, 2021, and related to VAT and business license fees on insurance proceeds and International Inbound Roaming charges among others. Aliv, with the assistance of legal counsel, has initiated a formal dispute against the DIR and to avoid possible penalties, has deposited the disputed amount with the DIR. This payment was made without waiving any rights in the ongoing dispute, and the Group intends to vigorously contest the assessment.

Depending on the final resolution of the tax dispute referred to above, the Group's management estimates that an additional tax obligation of \$1,073,070 may be assessed in respect of the Company's activities over the same period. No provision has been recognized in the consolidated financial statements for these matters, as management has determined that it is probable that the Group will not be compelled to make the additional payments.

CABLE BAHAMAS LTD.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2023

(Continued)

(Expressed in Bahamian dollars)

17. Commitments and Contingent Liabilities (Continued)

The Group has insurance coverage to certain limits for major risks on property and major claims in connection with legal liabilities arising in the course of operations.

18. Revenue

Set out below is the disaggregation of the Group's revenue from contracts with customers:

Revenue by Stream

	2023 \$	2022 \$
Service Revenue - Prepaid	61,387,861	54,865,781
Service Revenue - Mobile postpaid	22,683,954	20,967,564
Service Revenue – Fixed postpaid	118,375,762	113,658,551
Sale of telecommunication equipment	10,153,560	11,598,018
Equipment rental revenue	9,037,530	8,833,238
Interconnect & Roaming	6,762,241	5,411,840
Other	2,689,696	2,646,233
	<u>231,090,604</u>	<u>217,981,225</u>

Revenue by Customer Type

	2023 \$	2022 \$
Consumer - Fixed	79,801,533	79,673,105
Consumer - Mobile	82,383,186	76,038,978
Corporate and Government - Fixed	49,433,611	44,457,159
Corporate and Government - Mobile	18,088,132	15,844,943
Other	1,384,142	1,967,040
	<u>231,090,604</u>	<u>217,981,225</u>

CABLE BAHAMAS LTD.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2023

(Continued)

(Expressed in Bahamian dollars)

19. Operating Expenses

Operating expenses consist of the following:

	2023 \$	2022 \$
Direct costs	30,969,614	33,717,711
Administrative	29,728,656	28,029,736
Marketing	19,063,713	18,364,488
Programming costs	17,204,424	18,123,350
Network operations	17,069,589	16,347,494
Engineering	16,213,468	16,486,247
Government and regulatory fees	13,439,491	11,498,146
	<u>143,688,955</u>	<u>142,567,172</u>

Direct costs include the cost of inventory sold amounting to \$15,655,509 (2022: \$18,479,010) and voice termination costs paid to other network carriers.

20. Employee Compensation

For the year ended June 30, 2023, employee compensation costs totaled \$36,452,429 (2022: \$38,229,757).

The Group participates in externally managed pension plans. Under the terms of the defined contribution plans, the Group matches employee contributions up to a maximum percentage of salary for its staff and for executive management. The Group's contributions for the year amounted to \$858,681 (2022: \$1,004,896).

Share-based option plan

The Group has a share-based option plan for key executives of the Group, and under the terms of the plan, the maximum number of shares that may be issued upon the exercise of options shall not exceed 5% of the issued and outstanding shares of the Group and vest equally over four (4) years. Options are granted under the plan for no consideration. The options carry no dividend or voting rights, and they are settled in shares.

The options are recorded at the fair value on the grant date, which was determined using the Black Scholes options pricing model. The inputs to this model as it relates to the options granted during the year included the exercise price of \$3.95 (2022: \$3.09), the share price of \$3.80 (2022: \$3.09) on the grant date, expected price volatility of the Group's equity shares of 28.61% (2022: 32.60%), the expiry date of the options, and the risk-free interest rate of 4.25%.

CABLE BAHAMAS LTD.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2023

(Continued)

(Expressed in Bahamian dollars)

20. Employee Compensation (Continued)

The following share-based options were in existence during the current and prior years:

	Number of share options		Vesting date	Exercise price	Fair value at grant date
	2023	2022		\$	\$
First tranche	165,000	165,000	23-Apr-19	3.72	2.36
Second tranche	1,226,000	1,374,750	27-Mar-23	2.22	2.22
Third tranche	386,250	398,000	22-Oct-24	2.99	0.88
Fourth tranche	364,500	435,750	16-Nov-25	3.09	1.62
Fifth tranche	600,000	-	9-Dec-26	3.95	1.82
Total	2,741,750	2,373,500			

Movements in the share-based options plan are shown below:

	Movement in number of share-based options		Weighted average exercise price	
	2023	2022	2023	2022
	\$	\$	\$	\$
Outstanding, beginning of year	2,373,500	2,069,000	2.62	2.49
Granted	620,000	440,000	3.95	3.09
Forfeited	(198,000)	(68,500)	2.77	2.22
Exercised	(53,750)	(67,000)	2.23	2.22
Outstanding, end of year	2,741,750	2,373,500	2.91	2.62
Exercisable	1,901,962	1,465,491	2.60	2.51

The total number of share options vested as at June 30, 2023 was 1,901,962 (2022: 1,465,491). The increase in fair value of the share options vested during the year was \$647,686 (2022: \$764,782) and is included in operating expenses in the consolidated statement of profit or loss and other comprehensive income. The cumulative fair value of share options vested at June 30, 2023 is \$3,765,724 (2022: \$3,118,038).

CABLE BAHAMAS LTD.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2023

(Continued)

(Expressed in Bahamian dollars)

21. Related Party Balances and Transactions

Compensation of directors and key management personnel:

	2023	2022
	\$	\$
Short-term benefits	3,410,247	3,505,669
Long-term benefits – share-based plan	217,739	454,297
Post-employment benefits	107,050	127,360
	<u>3,735,036</u>	<u>4,087,326</u>

Total remuneration of directors and key executive personnel is determined by the compensation committee of the Board of Directors having regard to qualifications, performance and market trends. These balances are included in operating expenses in the consolidated statement of profit or loss and other comprehensive income.

Other balances and transactions with related parties:

	Key Management Personnel	Other Related Parties
2023	\$	\$
Balances at the end of the year:		
Trade and other receivables	-	1,801
Accounts payable and accrued liabilities	201	257,107
Notes payable and long-term debt	-	13,168,389
Preferred shares	27,500	10,200,000
Transactions during the year:		
Revenue	10,650	233,927
Operating expenses	244,261	882,891
Dividends on preferred shares	1,803	882,501

CABLE BAHAMAS LTD.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2023

(Continued)

(Expressed in Bahamian dollars)

21. Related Party Balances and Transactions (Continued)

	Key Management Personnel	Other Related Parties
2022	\$	\$
Balances at the end of the year:		
Trade and other receivables	-	43,313
Accounts payable and accrued liabilities	192	236,414
Notes payable and long-term debt	-	12,517,989
Preferred shares	27,500	10,200,000
Transactions during the year:		
Revenue	11,283	225,760
Operating expenses	186,441	871,630
Dividends on preferred shares	1,720	877,340

The related party amounts within the accounts payable and accrued liabilities, preferred shares, and dividends on preferred shares lines comprise balances and transactions with key management personnel (officers and directors of the Company), business entities closely affiliated with any of those persons and ordinary shareholders with significant influence. Refer to Note 13 for the details of the Shareholder loan included in Notes payable.

22. Fair Values of Financial Assets and Liabilities

The fair value is the amount for which an asset can be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transaction. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or need to liquidate or curtail materially the scale of its operations, or undertake a transaction on adverse terms.

In the opinion of management, the estimated fair value of financial assets (the Group's cash, term deposits, and accounts receivable) and financial liabilities (the Group's accounts payable and accrued liabilities, preferred shares, lease liabilities, notes payables, loans, and subscriber deposits) which are not carried at fair value, at the consolidated statement of financial position date were not materially different from their carrying values either due to:

- their immediate or short-term maturity;
- interest rates that approximate current market rates or
- carrying amounts that approximate or equal market value.

CABLE BAHAMAS LTD.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2023

(Continued)

(Expressed in Bahamian dollars)

22. Fair Values of Financial Assets and Liabilities (Continued)

Recognized fair value measurements

To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level is as follows:

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. The Group holds United States treasury bills which are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques that maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. The Group holds Bahamas Government bonds which are included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. The Group does not hold any level 3 investments.

The Group recognizes transfers into and out of fair value hierarchy levels as at the end of the reporting period. There were no transfers between levels for recurring fair value measurements during the year.

23. Segment Information

The Group identifies its operating segments as the business components that have an appointed segment manager who is accountable to the chief operating decision maker, and that have discrete financial information from which reports are produced for the benefit of review and assessment of its operating activities, financial results, and resource allocation by the chief operating decision maker. All reportable segments operate in The Bahamas.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3 and services as described in Note 1. Segment profit or loss represents the profit or loss earned by each segment. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

CABLE BAHAMAS LTD.

Notes to the Consolidated Financial Statements For the Year Ended June 30, 2023 (Continued)

(Expressed in Bahamian dollars)

23. Segment Information (Continued)

The details of the various operating segments are as follows:

2023					
	Cable	ALIV	Segment Totals	Eliminations	Consolidated Totals
	\$	\$	\$	\$	\$
Revenue from external customers	146,498,330	102,758,103	249,256,433	(18,165,829)	231,090,604
Interest expense	2,283,657	24,481,829	26,765,486	(15,550,206)	11,215,280
Depreciation and amortization	39,446,483	26,848,038	66,294,521	(3,546,108)	62,748,413
Reportable segment profit (loss)	14,378,941	(22,481,433)	(8,102,492)	1,060,257)	(7,042,235)
Operating expenses	87,357,433	66,617,112	153,974,545	(10,285,590)	143,688,955
Reportable segment assets	544,877,112	220,702,582	765,579,694	(271,325,287)	494,254,407
Reportable segment liabilities	271,648,215	408,362,277	680,010,492	(210,694,682)	469,315,810
2022					
	Cable	ALIV	Segment Totals	Eliminations	Consolidated Totals
Revenue from external customers	141,838,612	94,802,906	236,641,518	(18,660,293)	217,981,225
Interest expense	2,773,026	21,882,109	24,655,135	(13,915,574)	10,739,561
Depreciation and amortization	38,426,244	26,431,088	64,857,332	(3,196,129)	61,661,203
Reportable segment profit (loss)	19,659,730	(31,448,442)	(11,788,712)	532,038	(11,256,674)
Operating expenses	82,691,335	70,420,247	153,111,582	(10,544,410)	142,567,172
Reportable segment assets	570,618,926	214,358,365	784,977,291	(243,221,479)	541,755,812
Reportable segment liabilities	307,293,926	379,536,625	686,830,551	(181,530,525)	505,300,026

24. Non-Controlling Interest

The non-controlling interest relates to the 51.75% of ordinary shares in Aliv, held by The Government of The Bahamas through its special purpose holding company, HoldingCo. The Group has a 48.25% shareholding in Aliv and has board and management control.

A Shareholders Agreement dated July 1, 2016 between the Company and HoldingCo governs the ownership of Aliv. The agreement provides guidance and specific requirements and commitments to each of the parties inclusive of ownership structure, capitalization, change of control, reporting and strategic initiatives, investments and related party transactions, and the structure of the Board of Directors. In accordance with the agreement, 51.75% of the capital requirements of Aliv of \$70,167,306 was provided by HoldingCo and the remaining 48.25% in the amount of \$65,421,691 was provided by the Company. As at June 30, 2023 and at June 30, 2022 there were no outstanding capital commitments from the shareholders.

CABLE BAHAMAS LTD.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2023

(Continued)

(Expressed in Bahamian dollars)

24. Non-Controlling Interest (Continued)

The movement in non-controlling interest is as follows:

	2023 \$	2022 \$
Balance at beginning of year	(86,765,131)	(70,403,538)
Share of net loss for the year	<u>(11,634,142)</u>	<u>(16,361,593)</u>
Balance, end of year	<u>(98,399,273)</u>	<u>(86,765,131)</u>

25. Risk Management

There are a number of risks inherent in the telecommunications industry that the Group manages on an ongoing basis. Among these risks, the more significant are credit, liquidity, market (foreign exchange, interest rate, price), and capital risks.

Credit risk - Credit risk arises from the failure of a counterparty to perform according to the terms of contracts. From this perspective, the Group's significant exposure to credit risk is primarily concentrated with cash and cash equivalents, trade and other receivables, and its investment in short-term government debt securities. Subscriber deposits are maintained until the services are terminated to offset any outstanding balances due to the Group. In order to limit the amount of credit exposure, accounts in arrears at 90 days are disconnected depending on their credit history. Cash and cash equivalents are predominantly in Bahamian or United States dollars and have been placed with high quality financial institutions. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Liquidity risk - Liquidity risk reflects the risk that the Group will not be able to meet an obligation when it becomes due or honor a credit request to a customer and/or related party. The Group maintains a satisfactory portion of its assets in cash and other liquid assets to mitigate this risk. In addition, the Group keeps its trade payables within agreed upon terms with its vendors. On a daily basis, the Group monitors its cash and other liquid assets to ensure that they sufficiently meet the Group's liquidity requirements.

CABLE BAHAMAS LTD.

Notes to the Consolidated Financial Statements For the Year Ended June 30, 2023 (Continued)

(Expressed in Bahamian dollars)

25. Risk Management (Continued)

Liquidity risk (continued)

The following tables detail the Group's remaining contractual maturity for its non-derivative financial assets, and non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets, and the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Group may be required to pay. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years	Total	Carrying Amount
	\$	\$	\$	\$	\$	\$	\$
Cash and term deposits	53,568,039	-	11,689,957	-	-	65,257,996	65,257,996
Short-term investments	4,552,060	15,559,054	21,593,927	-	-	41,705,041	41,705,041
Trade and other receivables	21,098,244	56,557	-	-	-	21,154,801	17,439,434
Financial assets at June 30, 2023	79,218,343	15,615,611	33,283,884	-	-	128,117,838	124,402,471

	Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years	Total	Carrying Amount
	\$	\$	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	15,695,401	8,957,913	6,611,516	-	-	31,264,830	31,264,830
Preferred shares	-	-	32,112,842	125,613,014	296,140,000	453,865,856	285,125,457
Notes payable	-	-	8,665,842	48,478,800	18,031,969	75,176,611	54,985,680
Loans	-	-	-	-	22,144,399	22,144,399	13,168,389
Lease liabilities	2,696,075	937,075	4,204,018	20,151,588	136,755,488	164,744,244	57,127,417
Financial assets at June 30, 2023	18,391,476	9,894,988	51,594,218	194,243,402	473,071,856	747,195,940	441,671,773
Net liquidity gap as at June 30, 2023	60,826,867	5,720,623	(18,310,334)	(194,243,402)	(473,071,856)	(619,078,102)	

CABLE BAHAMAS LTD.

Notes to the Consolidated Financial Statements For the Year Ended June 30, 2023 (Continued)

(Expressed in Bahamian dollars)

25. Risk Management (Continued)

Liquidity risk (continued)

	Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years	Total	Carrying Amount
	\$	\$	\$	\$	\$	\$	\$
Cash and term deposits	73,688,646	-	1,622,254	-	-	75,310,900	75,310,900
Short-term investments	-	9,996,300	20,504,898	-	-	30,501,198	30,501,198
Trade and other receivables	64,088,578	51,303	-	-	-	64,139,881	59,974,225
Financial assets at June 30, 2022	137,777,224	10,047,603	22,127,152	-	-	169,951,979	165,786,323

	Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years	Total	Carrying Amount
	\$	\$	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	17,413,916	11,337,975	7,760,438	-	-	36,512,329	36,512,329
Preferred shares	8,528,069	-	19,722,500	160,905,342	325,460,514	514,616,425	317,903,610
Notes payable	-	-	8,992,838	45,469,365	29,707,247	84,169,450	58,785,211
Loans	-	-	-	-	22,658,193	22,658,193	12,517,989
Lease liabilities	779,646	967,602	4,226,673	18,508,198	133,061,366	157,543,485	56,366,399
Financial assets at June 30, 2022	26,721,631	12,305,577	40,702,449	224,882,905	510,887,320	815,499,882	482,085,538
Net liquidity gap as at June 30, 2022	111,055,593	(2,257,974)	(18,575,297)	(224,882,905)	(510,887,320)	(645,547,903)	

Market risk

Foreign currency risk - Foreign currency risk relates to the Group operating in different currencies and converting non-Bahamian earnings at different foreign exchange levels when adverse changes in foreign currency exchange rates occur. The Group is not directly exposed to foreign currency risk, as operations are denominated in Bahamian dollars (and US dollars), which is fixed to the US dollar at the following rate: B\$1 = US\$1.

Interest rate risk - Interest rate risk is the potential for a negative impact on the consolidated statement of financial position or the consolidated statement of profit or loss and other comprehensive income arising from adverse changes in the value of financial instruments as a result of changes in interest rates. The Group manages interest cost using a mixture of fixed-rate and variable-rate debt.

Sensitivity analysis

The Group is exposed to variable interest rates on certain financial liabilities. For floating rate liabilities, the analysis is prepared assuming the amount outstanding at the end of the reporting year was outstanding for the whole year. A 25, 50 and 75 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

CABLE BAHAMAS LTD.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2023

(Continued)

(Expressed in Bahamian dollars)

25. Risk Management (Continued)

Interest rate risk (continued)

Should effective interest rates increase or decrease, the Group would be exposed to a cash flow risk. The effect on cash flows, and net and comprehensive income would be as follows:

Change in interest rate	2023	2022
	\$	\$
+/- 0.75%	155,625	155,625
+/- 0.50%	103,750	103,750
+/- 0.25%	51,875	51,875

Price risk – The Group’s exposure to price risk arises from short-term investments held by the Group and classified in the consolidated statement of financial position as fair value through profit or loss. The Group mitigates this risk by investing in government debt securities which are regarded as conservative, low-risk investments.

Capital risk management - The Board of Directors manages the Group’s capital to ensure that it has a strong capital base to support the development of its business. The Board of Directors seeks to maximize the return to shareholders through optimization of the Group’s debt and equity balance. The Group’s risk management structure promotes making sound business decisions by balancing risk and reward. The Group is not subject to any externally imposed capital requirements.

The Directors promote revenue generating activities that are consistent with the Group’s risk appetite, policies and the maximization of shareholder return. The capital structure of the Group consists of preferred shares and equity attributable to the common equity holders of the Group, comprising issued capital and retained earnings as disclosed in Notes 14 and 15. The Board of Directors review the capital structure at least annually. As part of this review, the Board considers the cost of the capital and the risks associated with each class of capital. Based on recommendations of the Board, the Group manages its capital structure through the payment of common and preferred dividends, the redemption of preferred shares, ordinary share purchases through normal share repurchase, and the restructuring of the capital base.

CABLE BAHAMAS LTD.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2023

(Continued)

(Expressed in Bahamian dollars)

26. Subsequent Events

On October 31, 2023, the Company executed a Deed of Contribution, whereby the Company and HoldingCo in their capacity as shareholders of Aliv, collectively agreed to contribute additional capital into Aliv and restructure its existing debt obligations to optimize its capital structure and enhance financial flexibility.

Key details of the Deed of Contribution are as follows:

- **Additional Capital Contributions:** The shareholders have committed to contribute up to \$55,129,343 in additional capital Pari-passu to their current common share holdings.
- **Amended Terms and Conditions of the Secured Loan by the Company:** Amendments to the terms and conditions of the secured loan have been agreed, and include changes in interest rates, interest calculations and repayment schedules.
- **Amended Master Services Agreement (MSA) Terms:** Aliv purchases services from the Company in the normal course of business including, but not limited to, the use of Company's towers, transmission networks, services, and data centers pursuant to the MSA, which outlines all terms and conditions including cost and pricing requirements. Amendments to certain MSA fees have been agreed and will result in a reduction in ongoing operating expenses for Aliv. Certain schedule fees will be retroactively affected by the rate changes.

The financial impact of the Deed of Contribution has not been reflected in these consolidated financial statements. The Group will incorporate the contributed capital and the additional changes in its consolidated financial statements in the period that the commitments are materialized.

On November 2, 2023, the Group via its subsidiary Aliv, paid principal and dividend, on its 8.00% Series 1 cumulative redeemable amortizing preferred shares in the amount of \$14,000,000 and \$2,823,014 respectively.